

# **City of Trenton, Michigan**

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## **Federal Awards Supplemental Information June 30, 2003**

# City of Trenton, Michigan

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## Contents

Independent Auditor's Report	I
Report Letter on Compliance with Laws and Regulations and Internal Control - Basic Financial Statements	2-3
Report Letter on Compliance with Laws and Regulations and Internal Control - Major Federal Awards	4-5
Schedule of Expenditures of Federal Awards	6
Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards	7
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9-10



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## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council  
City of Trenton, Michigan, Michigan

We have audited the basic financial statements of the City of Trenton, Michigan for the year ended June 30, 2003 and have issued our report thereon dated October 29, 2003. Those basic financial statements are the responsibility of the management of the City of Trenton, Michigan. Our responsibility was to express an opinion on those basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the City of Trenton, Michigan taken as a whole. The accompanying schedule of expenditures of federal awards and reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Plante & Moran, PLLC*

October 29, 2003

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Report Letter on Compliance with Laws and Regulations and  
Internal Control - Basic Financial Statements

To the Honorable Mayor and  
Members of the City Council  
City of Trenton, Michigan, Michigan

We have audited the basic financial statements of the City of Trenton, Michigan as of and for the year ended June 30, 2003 and have issued our report thereon dated October 29, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City of Trenton, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Trenton, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City of Trenton in a separate letter dated December 1, 2003.

To the Honorable Mayor and  
Members of the City Council  
City of Trenton, Michigan

This report is intended solely for the information and use of the City Council, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

October 29, 2003

Report Letter on Compliance with Laws and Regulations and  
Internal Control - Major Federal Awards

To the Honorable Mayor and  
Members of the City Council  
City of Trenton, Michigan

**Compliance**

We have audited the compliance of the City of Trenton, Michigan with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2003. The major federal program of the City of Trenton, Michigan is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City of Trenton, Michigan's management. Our responsibility is to express an opinion on the City of Trenton, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Trenton, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Trenton, Michigan's compliance with those requirements.

In our opinion, the City of Trenton, Michigan complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003.

To the Honorable Mayor and  
Members of the City Council  
City of Trenton, Michigan

## **Internal Control Over Compliance**

The management of the City of Trenton, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Trenton, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City of Trenton in a separate letter dated December 1, 2003.

This report is intended solely for the information and use of the City Council, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

October 29, 2003

# City of Trenton, Michigan

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2003

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity	Award Amount	Federal Expenditures
		Project/Grant Number		
U.S. Department of Housing and Urban Development - Passed through Wayne County, Michigan - Community Development Block Grants - Program year 2001 - House rehabilitation	14.218	01-29-14A-01	\$ 40,000	\$ 5,632
U.S. Department of Justice - Passed through the State of Michigan - State and Local Domestic Preparedness Equipment Support Program	16.007	N/A	25,676	25,676
U.S. Environmental Protection Agency- Passed through Michigan Department of Environmental Quality: Capitalization Grants for Clean Water State Revolving Funds:	66.458			
Project number 5127-01		5127-01	12,095,000	18,384
Project number 5127-02		5127-02	16,535,000	367,044
Project number 5127-03		5127-03	1,005,000	16,944
Project number 5127-04		5127-04	10,325,000	<u>1,546,438</u>
Total Capitalization Grants for Clean Water State Revolving Funds				1,948,810 *
Brownfield Revolving Loan Cooperative Agreement	66.818	BL-975428-01	500,000	70,000
Passed through Spirit of Trenton Great Lakes Program	66.469	GL985916-01-0	52,000	<u>52,000</u>
Total U.S. Environmental Protection Agency				2,070,810
Federal Emergency Management Agency - Passed through U.S. Fire Administration - Assistance to Firefighters Grant	83.554	EMW-2002-FG-14429	57,130	<u>57,130</u>
Total federal awards				<u><b>\$ 2,159,248</b></u>

\* Amount is included in long-term debt in the basic financial statements.



# City of Trenton, Michigan

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## **Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2003**

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 95,676
Federal revenue not reported as such in the financial statements:	
Capitalization Grant Proceeds for State Revolving Fund*	1,948,810
Community Development Block Grants	5,632
FEMA - Assistance to Firefighters Grant	57,130
EPA - Great Lakes Program	<u>52,000</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><b>\$ 2,159,248</b></u>

\* Amount is included in long-term debt in the basic financial statements.

# City of Trenton, Michigan

## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2003

### Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Trenton, Michigan and is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule differ from amounts presented in, or used in the preparation of, the basic financial statements prepared in accordance with generally accepted accounting principles.

### Note 2 - Loans Outstanding

The City of Trenton, Michigan had the following loan balances outstanding at June 30, 2003. Where required by OMB Circular A-133, these recorded loan balances outstanding are also included in the federal expenditures presented in the schedule.

Cluster/Program Title	CFDA Number	Prior Year	
		Amount Outstanding	Amount Outstanding
Capitalization Grants for State Revolving Funds:	66.458		
Project number 5127-01		\$ 11,625,000	\$ 11,140,000
Project number 5127-02		16,535,000	15,890,000
Project number 5127-03		1,005,000	1,005,000
Project number 5127-04		-	10,325,000
Total		<u>\$ 29,165,000</u>	<u>\$ 38,360,000</u>

# City of Trenton, Michigan

## Schedule of Findings and Questioned Costs Year Ended June 30, 2003

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

#### Federal Awards

Internal control over major program(s):

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☐ Yes ☒ No

Identification of major program(s):

CFDA Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

# **City of Trenton, Michigan**

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## **Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2003**

### **Section II - Financial Statement Audit Findings**

None

### **Section III - Federal Program Audit Findings**

None